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SIGA RESOURCES LIMITED

1999 ANNUAL REPORT

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CORPORATE PROFILE

Siga Resources Limited is an Alberta Stock Exchange listed company with 12,048,809 common shares issued and outstanding. The Corporation's trading symbol is "SIG".

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NOTICE OF ANNUAL GENERAL MEETING

You are cordially invited to attend the Annual General Meeting of Siga Resources Limited at 9:00 A.M. on December 29, 1999 in the Conference Room at the offices of the Company, located at 400, 333 - 5 Avenue S.W., Calgary, Alberta T2P 3B6. Telephone: (403) 262-5075

SIGA RESOURCES LIMITED 1999 ANNUAL REPORT

Report to Shareholders:

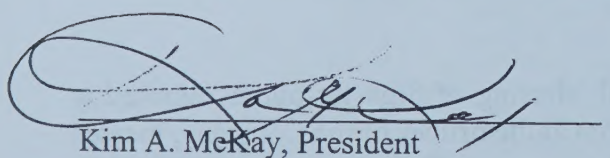
During the past fiscal year, Siga Resources Limited continued to work toward resolution of past debt problems and to positioning itself for future growth. Unexpected debt in the form of royalty adjustments slowed the financial recovery, but as a result of sound steady production from our few properties, we continue to make progress.

During the year, management of Siga reviewed several prospective projects and subsequent to year end participated as to a 7.5% working interest in a well, Cal-Ranch et al Taber 9-36-9-16 W4M. The well is currently being evaluated. At Provost we farmed out our 100% 6-24-39-8 W4M well and it was successfully re-completed as a Viking Gas well. We reviewed our 100% 6-17-50-16 W4M Bruce well and are expecting to put the well back on stream during the current fiscal year.

Our production remained steady at about 25 BOPD and again Siga was not required to take a ceiling test write down of our assets.

Revenue for the year ending June 30, 1999 was $126,473 compared to $149,526 the previous year. The lower revenues were a direct result of low oil prices which have now recovered. Total expenses for the year, including depletion and amortization were $211,855 compared to $203,194 the previous year. Depletion and Amortization expenses were $67,805 during the year ending June 30, 1999 compared to $59,378 the previous year. General and administration expenses were $67,561 compared to $46,230 the previous year.

A brief summary of our most significant properties follows:



Kim A. McKay, President

PROPERTY REVIEW

Bruce, Alberta

Siga owns a 100% working interest in the 6-17-50-16 W4M well which is shut-in. The well is capable of producing approximately 125 MCFD, and we are currently reviewing the economics of placing the well back on stream.

Eyremore, Alberta

The Company has a 62.5% working interest in one well, producing approximately 35 MCFD net to Siga.

Pembina, Alberta

The Company has a 100% working interest before payout and a 60% interest after payout in one well on this property, which is producing 11 BOPD. A consultants' engineering report dated October 1, 1998, calculated remaining recoverable reserves for the well of 48,800 barrels.

Keystone, Alberta

The Company has an 11.25% working interest in four oil wells on this property. The wells have a stable production rate of about 4 BOPD and 25 MCFD.

Queensdale, Saskatchewan

The Company has a 5.25% working interest in two producing oil wells, one salt water disposal well and central battery facilities. There are two defined drilling locations on the Company lands.

Provost, Alberta

During the year, we farmed out the re-completion of our 6-24-39-8 W4M well to other companies. The well was plugged back and re-completed as a potential Viking gas well. The Farmee companies are currently determining if economics warrant the installation of surface facilities and gathering system.

Siga has retained a 10% non-convertible overriding royalty.

AUDITORS' REPORT

November 12, 1999

To the Shareholders of Siga Resources Limited:

We have audited the balance sheets of Siga Resources Limited as at June 30, 1999 and June 30, 1998 and the statements of operations and deficit and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 1999 and June 30, 1998 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Garrett Power

GARRETT POWER
CHARTER ACCOUNTANTS
Calgary, Alberta

BALANCE SHEET

	June 30 1999	June 30 1998
ASSETS		
Current Assets:		
Cash	$ 72	$ 1,236
Accounts receivable (Note 5(a))	53,290	70,358
Prepaid expenses	2,445	2,599
	55,807	74,193
Capital assets (Note 2)	263,999	318,342
	$ 319,806	**$ 392,535**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable (Note 5(b))	$ 88,832	$ 87,663
Site restoration costs	43,884	32,400
Shareholders' equity:		
Share capital (Note 3)	1,221,440	1,221,440
Deficit	(1,034,350)	(948,968)
	187,090	272,472
	$ 319,806	**$ 392,535**

Approved By The Board of Directors:

Director

Director

STATEMENT OF OPERATIONS AND DEFICIT

	Year Ended June 30 1999	1998
Revenue:		
Production, net of royalties	$ 126,473	$ 149,526
Expenses:		
Depletion and amortization	67,805	59,378
General and administrative (Note 5(b))	67,561	46,230
Interest and bank charges	2,763	2,620
Interest on long term debt	-	2,112
Operating	73,726	92,854
	211,855	203,194
Loss for the year	(85,382)	(53,668)
Deficit at beginning of year	(948,968)	(895,300)
Deficit at end of year	$ (1,034,350)	$ (948,968)
Loss per share	$ (0.008)	$ (0.005)

STATEMENT OF CASH FLOW

	Year Ended June 30 1999	1998
Operations:		
Loss for the year	$ (85,382)	$ (53,668)
Add: Item not requiring a current cash flow - Depletion and amortization	67,805	59,378
Funds provided by (used in) operations	(17,577)	5,710
Decrease (Increase) in non-cash working capital	18,391	(106,443)
Cash provided by (used in) operations	814	(100,733)
Investing:		
Acquisition of capital assets	(1,978)	-
Proceeds on disposal of capital assets	-	5,010
Cash provided by (used in) investing	(1,978)	5,010
Financing:		
Repayment of long term debt	-	(68,750)
Proceeds on issuance of share capital	-	165,997
Share issue costs	-	(8,000)
Cash provided by (used in) financing	-	89,247
Decrease in cash	(1,164)	(6,476)
Cash at beginning of year	1,236	7,712
Cash at end of year	**$ 72**	**$ 1,236**

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1999

1. Significant accounting policies:

Exploration and development costs -

The Company follows the full cost method of accounting for exploration and development expenditures whereby all costs directly related to the exploration for and development of petroleum and natural gas reserves are capitalized. All expenditures accumulated are depleted or amortized using the composite unit-of-production method based on estimated proven reserves as determined by independent petroleum engineers. Gas volumes are converted to equivalent oil volumes based upon the relative energy content of ten thousand cubic feet of gas to one barrel of oil. Proceeds on the disposal of properties are applied against capitalized costs. Gains or losses are recognized only if such treatment alters the depletion rate by more than 20%.

Oil and gas properties are subject to a ceiling test under which their carrying value, net of the accumulated provision for site restoration and abandonment costs and deferred income taxes, is limited to the undiscounted future net revenue from production of estimated proven oil and gas reserves, based on year end prices, plus the unimpaired value of non-producing properties less future administration, financing, site restoration costs and income taxes.

Site restoration costs -

Site restoration costs are accrued based on estimates made by management and are charged against earnings as depletion expense.

Joint venture accounting -

A substantial part of the Company's operations are carried out through joint ventures. The financial statements reflect only the Company's proportionate interest in such activities.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1999 (cont'd)

2. Capital assets:

Capital assets are recorded at cost and are comprised of the following:

	June 30 1999	June 30 1998
Petroleum and natural gas assets	$ 1,139,890	$ 1,139,538
Other assets	23,957	22,321
	1,163,847	1,161,859
Accumulated depletion and amortization	899,848	843,517
	$ 263,999	$ 318,342

3. Share capital:

Authorized share capital of the Company consists of an unlimited number of common voting shares, unlimited number of first preferred shares and an unlimited number of second preferred shares. No preferred shares have been issued.

a) The following summarizes the movement in the share capital account for the period:

	Number of Shares June 30 1999	Number of Shares June 30 1998
Opening balance	# 12,048,809	# 10,389,653
Issued for cash	-	600,000
Issued on repayment of accounts payable	-	1,059,156
	# 12,048,809	# 12,048,809

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1999 (cont'd)

	Amount June 30 1999	Amount June 30 1998
Opening balance	$ 1,221,440	$ 1,063,443
Issued for cash	-	60,000
Issued on repayment of accounts payable	-	105,997
Share issue costs	-	(8,000)
	$ 1,221,440	$ 1,221,440

b) The shares issued for cash in 1998 were to directors and officers or companies controlled by directors and officers of the Company.

c) Included in the shares issued on repayment of accounts payable in 1998 were 136,410 shares ($13,641) to a company controlled by a director.

d) There were no shares held in escrow (June 30, 1998 - 1,449,276). These shares were covered by escrow agreements that provide for the release of one third of these shares on each of the first three anniversaries of the completion of the major transaction (October 11, 1995).

e) Pursuant to a stock option plan for directors, officers and key employees, options outstanding include 200,000 (June 30, 1998 - 200,000) at $0.10 per share (expiring April 2000).

4. Income taxes:

The Company has non-capital losses for income tax purposes of approximately $429,000 which are available to be carried forward and applied against future taxable income. If unused, these losses will expire at various times to the year 2006. The Company's income tax value of assets exceeds their book value by $579,000. The potential benefit of these amounts have not been recognized in these financial statements.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1999 (cont'd)

5. Related party transactions:

a) Accounts receivable include $38,974 (1998 - $60,588) from a company controlled by a director. The balance is expected to be repaid in fiscal 2000.

b) General and administrative expenses include $5,294 (1998 - $12,216) of charges by companies controlled by a director relating to the Company's share of rent, wages and other office expenses. At June 30, 1999, $5,665 (1998 - $878) was included in accounts payable.

c) Other related party transactions are disclosed in Notes 3(b) and 3(c).

6. Financial instruments:

The Company's financial instruments that are included in the balance sheet are comprised of cash, accounts receivable and accounts payable. The fair value of these financial instruments approximate their carried amount.

A substantial portion of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risk.

7. Contingency:

At June 30, 1999, the Company had a working capital deficiency of $33,025 and a deficit of $1,034,350. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient funds through future operations or to make other financing arrangements to meets its obligations.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1999 (cont'd)

8. Uncertainty due to the Year 2000 Issue:

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effect of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant system failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

CORPORATE INFORMATION

Head Office

Suite 400, 333 - 5 Avenue S.W.
Calgary, Alberta T2P 3B6
Telephone: (403) 262-5075
Facsimile: (403) 265-3357

Auditors

Garrett Power Chartered Accountants
Calgary, Alberta

Directors

Murray J. Berg, Chairman of the Board
Kim A. McKay
Robert S. Bruce
Tibor Fekete
John L. Reid-Bicknell

Solicitors

Macleod Dixon
Calgary, Alberta

Officers

Kim A. McKay, President
Christine Tapuska, Corporate Secretary

Bank

Hong Kong Bank of Canada
333 - 5 Avenue S.W.
Calgary, Alberta

Listing Information

Alberta Stock Exchange
Symbol: "SIG"

Standard Abbreviations

BBL	=	Barrel	BOPD	=	Barrels of oil per day
MCF	=	Thousand cubic feet	MCFD	=	Thousand cubic feet per day
BOE	=	Barrel of oil equivalent (gas converted to oil @ 10 MCF equal to 1 BBL)			